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COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

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LOS ANGELES, CALIFORNIA 90012-2713

June 23, 2004

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Violet Varona-Lukens, Executive Officer
Board of Supervisors
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

**Re: Ordinance Adding Title 4 – Revenue and Finance,
Chapter 4.69 – Los Angeles County Transactions and Use Tax**


Dear Ms. Varona-Lukens:

At its meeting of June 15, 2004, the Board of Supervisors placed on its agenda for June 29, 2004, as a special order of business at 11:00 a.m., the consideration of the matter of a 1/2-cent sales tax measure on the November 2, 2004 ballot to finance law enforcement needs in the County Sheriff's Department and the many municipal police agencies within the County's boundaries.

Attached for the Board's consideration is the text of the Sheriff's initiative in the form of a proposed ordinance.

Very truly yours,

OFFICE OF THE COUNTY COUNSEL

By 
ALBERT RAMSEYER
Principal Deputy County Counsel
Special Services Division

APPROVED AND RELEASED:

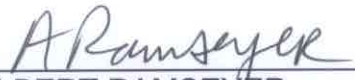

RAYMOND G. FORTNER, JR.
Chief Deputy County Counsel

Enclosure

ANALYSIS

This ordinance establishes Chapter 4.69 of the Los Angeles County Code to propose a 1/2 cent Los Angeles County Transactions and Use Tax, that becomes effective only after approved by two-thirds of the qualified voters in the County voting in an election on the issue. The proceeds of the tax are designated for public safety services, local anti-terrorism efforts, and homeland security.

OFFICE OF THE COUNTY COUNSEL

By: 
ALBERT RAMSEYER
Principal Deputy County Counsel
Special Services Division

AR:lm

(Date Requested : 6/15/04)

ORDINANCE NO. _____

An ordinance amending Title 4 - Revenue and Finance of the Los Angeles County Code, by adding Chapter 4.69 - Public Safety and Homeland Security Tax Act.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. This Act shall be known as "The Public Safety and Homeland Security Tax Act."

SECTION 2. Purpose and Intent: The People of the County of Los Angeles find and declare that:

- (A) Public safety services are critically important to the security and well-being of the County's citizens and to the growth and revitalization of the County's economic base.
- (B) The protection of the public safety is the first responsibility of local government and local officials have an obligation to give priority to the provisions of adequate public safety services.
- (C) In order to assist local governments in maintaining a sufficient level of public safety services, the proceeds of this section shall be designated exclusively to maintain, improve, or expand funding of local law enforcement. Local financial resources to the Sheriff, and city law enforcement agencies shall not be reduced below the adopted budget for the 2003/04 fiscal year.

For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year may be adjusted to reflect reduced expenditures necessitated by reductions in state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.

- (D) If a loss or reduction in local general purpose financial resources occurs, proceeds from this Ordinance may be used to ensure public safety funding is not reduced below the adopted budget for the 2003/04 fiscal year, only if local financial resources to public safety are not reduced more than the total percent of the loss or reduction within the affected year.

SECTION 3. Chapter 4.69 is hereby added to read as follows:

Chapter 4.69

THE PUBLIC SAFETY AND HOMELAND SECURITY TAX ACT

- 4.69.010 The Public Safety and Homeland Security Tax Act.
- 4.69.020 Imposition of retail transactions tax.
- 4.69.030 Imposition of use tax.
- 4.69.040 Definitions.
- 4.69.050 Expenditure plan for the use of revenues received from imposition of the transactions and use tax

- 4.69.060 Application of sales and use tax provisions of Revenue and Taxation Code.
- 4.69.070 Adoption of Revenue and Taxation Code Sections 7261 and 7262.
- 4.69.080 Place of consummation of retail transaction.
- 4.69.090 Accountability Measures.
- 4.69.100 Effective and Operative Dates.

4.69.010. The Public Safety and Homeland Security Tax Act.

The ordinance codified in this Chapter shall be known as "The Public Safety and Homeland Security Tax Act."

4.69.020. Imposition of retail transactions tax.

There is hereby imposed a tax for the privilege of selling tangible personal property at retail upon every retailer in the County at a rate of one-half of one percent of the gross receipts of the retailer from the sale of all tangible personal property sold at retail in the County. This is in addition to previously imposed transactions and use taxes.

4.69.030. Imposition of use tax.

There is hereby imposed a complementary tax upon the storage, use or other consumption in the County of tangible personal property purchased from any retailer for storage, use or other consumption in the County. Such tax shall be at a rate of one-half of one percent of the sales price of the property whose storage, use or other consumption is subject to the tax. This is in addition to previously approved use taxes.

4.69.040. Definitions.

The following words, whenever used in the Ordinance, shall have the meaning as set forth below:

A. "County" means the incorporated and unincorporated territory of the County of Los Angeles.

B. "City" means any incorporated territory of the County of Los Angeles.

C. "Countywide Interoperability System" means a system of equipment and procedures to provide for effective communications between public safety agencies in the County of Los Angeles.

D. "Public Safety and Homeland Security Purposes," are expenditures which maintain, improve, and expand sworn law enforcement, public safety, homeland security, local anti-terrorism efforts and emergency response, and include, but are not limited to the following:

1. County Emergency/Disaster Operations
2. Crime investigations and basic public safety services
3. Expanded role of community-oriented policing
4. Local anti-terrorism efforts and intelligence gathering
5. Emergency response and related training/preparedness

E. "Transaction" or "Transactions" have the same meaning, respectively, as the words "Sale" or "Sales;" and the word "Transactor" has the same meaning as "Seller," or "Sale" or "Sales" and "Seller" are used in Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

F. "Population" means the most recent annual estimate of population published by the California State Department of Finance, or for a newly incorporated city, the County Auditor/Controller's best estimate, until that newly incorporated city's population is included in the Department of Finance publication.

4.69.050 Expenditure plan for the use of revenues received from the imposition of the transactions and use tax.

The revenues received by the County from the imposition of the transactions and use tax shall be used for Public Safety and Homeland Security Purposes, as follows:

A. Purpose of the Tax.

The revenues raised by this measure will be used to increase security in our County by strengthening public safety services, homeland security, local anti-terrorism efforts, and emergency response to extraordinary emergencies throughout Los Angeles County.

Tax Revenues dedicated to the Sheriff and local law enforcement will be used to:

1. provide personnel for law enforcement, local anti-terrorism efforts, homeland security, and community-oriented policing services, whose expanded role will include intelligence gathering, local preparedness, community awareness, and "first response" capabilities to extraordinary emergencies;

2. provide communications and specialized equipment for law enforcement personnel throughout Los Angeles County, including independent cities; and support resources required for Regional and Countywide "Mutual-Aid" effectiveness;

3. expand inter-agency coordination and standardized training for public safety services, local anti-terrorism operations, homeland security, intelligence gathering, and "first response" capabilities (Emergency Operations Center EOC/Terrorism Early Warning); and

4. other traditional law enforcement services.

B. Allocation of Revenues received by the County.

1. First, from the funds allocated to the County by the State Board of Equalization, the Auditor-Controller shall be reimbursed for actual and necessary direct and indirect costs incurred while complying with this Ordinance. Actual and necessary direct and indirect costs shall be those from the prior fiscal year. They shall be apportioned to the County and each city in proportion to each entity's anticipated share of the proceeds of the tax collected pursuant to this Ordinance.

2. Of the remaining funds:

a. The Oversight Committee provided for in this Ordinance will decide on an equitable allocation to the Sheriff of Los Angeles County to provide for a Countywide Interoperability system and the ongoing maintenance of that system;

b. Five percent will be allocated to the Sheriff of Los Angeles County, who performs Countywide duties required by law;

c. The remaining funds shall be distributed to the unincorporated area and all cities within Los Angeles County, with a minimum allocation of \$500,000 to each jurisdiction. The remaining amount shall be equally distributed based on population percentage. However, the total allocation amount shall not exceed a city's total public safety budget for the previous fiscal year.

C. Maintenance of Effort.

1. In order to assist local governments in maintaining a sufficient level of public safety services, the proceeds of this section shall be designated exclusively to maintain, improve, or expand funding of local law enforcement. Local financial resources to the Sheriff, and city law enforcement agencies shall not be reduced below the adopted budget for the 2003/04 fiscal year.

For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year may be adjusted to reflect reduced expenditures necessitated by reductions in state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.

If a loss or reduction in local general purpose financial resources occurs, proceeds from this Ordinance may be used to ensure public safety funding is not reduced below the adopted budget for the 2003/04 fiscal year, only if local financial resources to public safety are not reduced more than the total percent of the loss or reduction within the affected year.

D. Unspent Funds.

Any unspent proceeds from this Ordinance by the Sheriff, or a city, within a fiscal year, shall be held in a public safety reserve trust account established by that entity. Use of those trust funds shall be determined under rules and regulations described by this Ordinance, and monitored for accountability by an oversight committee described in 4.69.090.

4.69.060. Application of sales and use tax provisions of Revenue and Taxation Code.

The provisions contained in Part 1 of Division 2 of the Revenue and Taxation Code (Sales and Use Taxes, commencing with Section 6001), insofar as they relate to sales or use taxes and are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code (Transactions and Use Taxes), commencing with Section 7251, and all amendments thereto shall apply and be part of this Ordinance, being incorporated by reference herein.

Pursuant to the provision of Revenue and Taxation Code Section 7270, the County shall contract with the California State Board of Equalization to perform all functions incident to the administration and operation of the ordinance.

4.69.070. Adoption of Revenue and Taxation Code Sections 7261 and 7262.

Pursuant to the provision of Revenue and Taxation Code Section 7262.2, the required provisions of Sections 7261 and 7262 of that Code as now in effect or as later amended are adopted by reference in this Ordinance.

4.69.080. Place of consummation of retail transaction.

For the purpose of a retail transaction tax imposed by this Ordinance, all retail transactions are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for the delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State, or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of the transactions tax imposed by this Ordinance shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

4.69.90. Accountability Measures.

The Auditor-Controller of the County of Los Angeles shall create a new account into which the proceeds from the special tax received from the State Board of Equalization shall be deposited. The Auditor-Controller shall file a report with the County Board of Supervisors, stating the amount of funds collected and expended pursuant to this measure. This report shall be filed upon receipt of proceeds from this Ordinance, and every January 1 thereafter. Each entity authorized to receive an allocation of funds from this Ordinance shall annually adopt, in a public meeting, an accounting of the use of funds, and funds held in reserve. This report shall be filed no later than September 30 of each year with the Auditor-Controller of the County. Proceeds shall be distributed to the Sheriff of Los Angeles County, and all cities in Los Angeles County, as prescribed under Section 4.69.050. The use of funds shall be evaluated under rules and regulations adopted by an Oversight Committee consisting of the President of the Los Angeles County Police Chiefs Association, the Sheriff of Los Angeles County, a municipal finance director appointed by the League of California Cities, Los Angeles Division, a city manager appointed by the California Contract Cities Association. The rules and regulations adopted by the Oversight Committee shall provide for penalties for inappropriate uses of funds collected pursuant to this Ordinance.

4.69.100. Effective and Operative Dates.

This ordinance shall take effect when approved by a two-thirds vote of the qualified voters of the County voting in an election on the issue. The ordinance will become operative on the first day of the first calendar quarter commencing more than 110 days after the Ordinance takes effect.

SECTION 4.

The votes cast for and against the Proposition shall be separately counted and if the Proposition receives the required number of votes, to wit: two-thirds of the votes of the qualified electors voting on the Proposition, the special tax in the amounts and for the purposes stated herein shall be effective and levied by the County.

SECTION 5.

All qualified voters of the County residing within the cities and unincorporated area of the County shall be permitted to vote in the election to be held as nearly as practicable in conformity with the Elections Code of the State of California.

[469ARCO2004]

MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH

JULY 13, 2004

Relates to S-1 from June 22nd

On November 3, 1993, the electorate passed a constitutional amendment that directed proceeds of a ½-cent sales tax to be used exclusively for local public safety services commonly referred to as Proposition 172. This funding was the result of the Legislature's shifting of \$2.3 billion in property tax revenue from cities and counties to the State's schools. While this funding has given *some* relief to public safety, it is inadequate partly due to the language in the legislation authorizing governments to supplant.

The Sheriff's Public Safety and Homeland Security initiative calls for a countywide sales tax increase by another ½-cent to be dedicated exclusively for public safety. There is no doubt that public safety needs additional funding and should be a top priority for local governments.

To request the taxpayers to tax themselves again shifts the burden from governments to the taxpayers. Moreover, the sales tax for our County is already high at 8.25% in comparison to other large counties. For example, the sales tax for the counties of San Diego, Orange and San Bernardino is 7.75% and 7.25% for the County of Ventura.

This Board, as the governing body for the County, has the policy-making authority to set aside adequate funding from its existing revenues exclusively for public safety. Under the proposed initiative, the Sheriff's portion for the unincorporated areas is about \$45.6 million. This Board has sufficient funds in the general fund which can be allocated to the Sheriff for the unincorporated areas. For example, this Board, by way of a policy, chooses to allocate general fund dollars to the Department of Health Services for its

- M O R E -

MOTION

MOLINA	_____
BURKE	_____
YAROSLAVSKY	_____
ANTONOVICH	_____
KNABE	_____

commitment to the Maintenance of Effort (MOE) for the 1115 waiver when, in fact, tobacco settlement dollars can and have been previously used for that purpose. Over \$90 million of general fund dollars have been allocated to DHS in the course of the last three fiscal years for that purpose as follows: FY 02/03 - \$20 million; FY 03/04 - \$30 million; and FY 04/05 - \$40 million. Clearly, this issue is a matter of priority and not funding.

Since the County's ordinances and policies do not extend beyond its unincorporated areas, and we may not issue mandates to contract and independent cities, each city may exercise its own authority and dedicate a portion of their existing revenues for public safety should they wish to do so. Similarly, each city may seek a ballot measure to impose new taxes upon its taxpayers independent of the County should they wish to do so.

Alternatively, if the County, contract and independent cities are going to call upon the taxpayers for any relief, they should each be willing to assure fiscal responsibility and match the financial burden by meeting the taxpayers half-way. Stated differently, the ballot measure would call for a ¼-cent sales tax increase, instead of a ½-cent sales tax increase, with an equal match by each city and the County. The match would be phased in as follows: first 3 years – 0% match; years 4 and 5 – 50% match; and year 6 and on – 100% match. Since the County may not dictate that each city dedicate a portion of their existing revenues for public safety, each city would have that option if they wish to draw down the additional ¼-cent sales tax revenue. However, those cities that do dedicate the requisite matching funds would qualify for the revenues from the increased sales tax. Since custody operations is part and parcel to enhanced law enforcement countywide, the formula for allocation of the revenues would also call for increased funding for Sheriff's custody operations to assure that criminals serve the full term of their sentences.

I, THEREFORE, MOVE that the Board of Supervisors implement a policy whereby the amount the Sheriff would gain from his ½-cent ballot initiative for the unincorporated areas would come from our existing revenues. One possible source of revenue for this purpose is general funds currently allocated to the Department of Health Services (DHS) for our commitment to the Maintenance of Effort for the 1115 Waiver which can be replaced with tobacco settlement funds. This policy shall also be clear that said funding shall be above and beyond the existing funding allocated to the Sheriff to enhance public safety and are not to be supplanted. If the Board of Supervisors will not support this plan, I MOVE that the Board place a ballot measure which would call for a ¼-cent sales tax increase with a commitment from the County and all participating contract and independent cities that they match those funds with an equivalent amount from their existing budgets. The match shall be phased in as follows: first 3 years – 0% match; years 4 and 5 – 50% match; and year 6 and on – 100% match. The formula for the allocation of the revenues shall include increased funding for Sheriff's custody operations and the measure shall be constructed so as to prohibit supplanting.

#

MDA:aplmc



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 9, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

HALF CENT SALES TAX INITIATIVE FOR PUBLIC SAFETY AND HOMELAND SECURITY (ITEM S-1 BOARD AGENDA, JUNE 29, 2004)

On June 29, 2004, your Board, on a motion by Supervisor Yaroslavsky, requested the Chief Administrative Office (CAO), County Counsel, and the Sheriff's Department to work with the Sheriff's coalition to reach a consensus on utilization of the proceeds of the half cent tax, and to report back to the Board within two weeks. Attached for your consideration is a revised ordinance, and the projected allocation that each entity would receive based upon the proposed ordinance revisions (Attachment I).

The Half Cent Sales Tax Initiative for Public Safety and Homeland Security proposes a half cent Transactions and Use Tax for Los Angeles County. This tax would become effective only after approval by two-thirds of the qualified voters in Los Angeles County.

This Office has projected an estimated \$560.0 million in proceeds from the half cent sales tax, which was calculated using estimated Proposition 172 receipts for fiscal year 2003-04, and projecting a moderate growth of 2.5 percent (2.5%) for fiscal year 2004-05. In addition, population figures have been modified to reflect the most recent statistics available from the State Department of Finance.

Ordinance Revisions

The attached ordinance reflects the following revisions:

- Provides that the Board may, upon approval by a 2/3 vote of all members, and after consulting the Oversight Committee, suspend the sales tax levy after ten years (FY 2015-2016). Any such suspension shall not take effect until three years after the Board's approval. However, the Oversight Committee shall provide a report to consider the impact and ramifications of the suspension, prior to the Board taking action.
- Requires the County and cities to maintain a Maintenance of Effort (MOE) that may be adjusted annually in accordance with the Consumer Price Index (CPI) up to a maximum adjustment of three percent (3%). The MOE will be based upon resources provided to County and city agencies for public safety services for the 2003-04 fiscal year. If an entity fails to meet the obligation or chooses not to participate, their funds would be reallocated to all other agencies using the approved distribution formula.
- Provides that annually the Board of Supervisors determine the amount to be set aside for interoperability, up to two percent (2%), to provide for communications and specialized equipment.
- Provides that nine percent (9%) of the funds be allocated for the Sheriff Department's custody operations.
- Provides that six percent (6%) of the funds be allocated for other law enforcement and justice related purposes including defense costs and probation services.
- Distributes the remaining funds to the unincorporated area and all incorporated cities with a minimum allocation of \$500,000, with a provision for annual adjustment of this amount in accordance with the CPI. Said annual adjustment shall not exceed three percent (3%).
- Includes as eligible funding crime prevention activities for youth and adults.
- Requires each entity authorized to receive an allocation of funds to annually adopt, in a public meeting, an accounting of the use of funds received as a result of this levy and funds held in reserve.

- Provides that each entity retain unspent funds in a trust account, and annually determine the amount of those funds to be appropriated for purposes identified in the ordinance.
- Provides that the Auditor-Controller, at the direction of the Board of Supervisors, may audit the information provided by any public entity receiving funds to determine compliance with this ordinance.
- Creates an Oversight Committee comprised of the President of the Los Angeles County Police Chiefs Association, the Sheriff of Los Angeles County, a municipal finance director appointed by the League of California Cities - Los Angeles Division, a city manager appointed by the California Contract Cities Association, an appointee of the Mayor of the City of Los Angeles, an appointee of the Chairman of the Board of Supervisors, a representative of the Independent City Managers Association, the City of Long Beach City Manager, and a representative of the Los Angeles Area Fire Chiefs Association.

We had proposed an additional alternative scenario requiring a ten percent (10%) surcharge from contract cities and a two percent (2%) surcharge from independent cities to defray the cost of countywide services provided by the Sheriff; however, the cities rejected this concept. Therefore, the Auditor-Controller will be proceeding with the study of contract cities billing rates as previously directed by your Board.

Conclusion

These ordinance revisions resulted from discussions with the Sheriff's Department, and representatives from law enforcement agencies and city managers throughout Los Angeles County and best represents the consensus of this body, as directed by your Board.

If you have questions, please contact me or your staff may contact Debbie Lizzari at (213) 974-6872.

DEJ:DL
RG:ljp

Attachment

c: Executive Officer, Board of Supervisors
County Counsel

ANALYSIS

This ordinance establishes Chapter 4.69 of the Los Angeles County Code to propose a 1/2 cent Los Angeles County Transactions and Use Tax, that becomes effective only after approved by two-thirds of the qualified voters in the County voting in an election on the issue. The proceeds of the tax are designated for public safety services, local anti-terrorism efforts, and homeland security. The Board of Supervisors may, upon approval by a 2/3rds vote of all members, and following the procedure set out in the ordinance, suspend the levy of this tax following the 2015-2016 fiscal year.

OFFICE OF THE COUNTY COUNSEL

By: 
ALBERT RAMSEYER
Principal Deputy County Counsel
Special Services Division

AR:lm

(Date Requested : 6/15/04)

ORDINANCE NO. _____

An ordinance amending Title 4 - Revenue and Finance of the Los Angeles County Code, by adding Chapter 4.69 to the Los Angeles County Code, Title 4 – Revenue and Finance.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. This Act shall be known as "The Public Safety and Homeland Security Tax Act."

SECTION 2. Purpose and Intent: The People of the County of Los Angeles find and declare that:

- (A) Public safety services are critically important to the security and well-being of the County's citizens and to the growth and revitalization of the County's economic base.
- (B) The protection of the public safety is the first responsibility of local government and local officials have an obligation to give priority to the provisions of adequate public safety services.
- (C) In order to assist local governments in maintaining a sufficient level of public safety services, the proceeds of this section shall be designated exclusively to maintain, improve, or expand funding of local law enforcement and youth and adult crime prevention programs. Local financial resources to the Sheriff, recipient agencies and city law enforcement shall not be reduced below the adopted budget for the 2003/04 fiscal year.

For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year may be adjusted to reflect reduced expenditures necessitated by reductions in state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.

- (D) If a loss or reduction in local general purpose financial resources occurs, proceeds from this Ordinance may be used to ensure public safety funding is not reduced below the adopted budget for the 2003/04 fiscal year, only if local financial resources to public safety are not reduced more than the total percent of the loss or reduction within the affected year. For purposes of this paragraph, general purpose financial resources include state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.

SECTION 3. Chapter 4.69 is hereby added to read as follows:

Chapter 4.69

THE PUBLIC SAFETY AND HOMELAND SECURITY TAX ACT

- 4.69.010 The Public Safety and Homeland Security Tax Act.
- 4.69.020 Imposition of retail transactions tax.
- 4.69.030 Imposition of use tax.

- 4.69.040 Definitions.
- 4.69.050 Expenditure plan for the use of revenues received from imposition of the transactions and use tax
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- 4.69.090 Accountability Measures.
- 4.69.100 Effective and Operative Dates.

4.69.010. The Public Safety and Homeland Security Tax Act.

The ordinance codified in this Chapter shall be known as "The Public Safety and Homeland Security Tax Act."

4.69.020. Imposition of retail transactions tax.

There is hereby imposed a tax for the privilege of selling tangible personal property at retail upon every retailer in the County at a rate of one-half of one percent of the gross receipts of the retailer from the sale of all tangible personal property sold at retail in the County. This is in addition to previously imposed transactions and use taxes.

4.69.030. Imposition of use tax.

There is hereby imposed a complementary tax upon the storage, use or other consumption in the County of tangible personal property purchased from any retailer for

storage, use or other consumption in the County. Such tax shall be at a rate of one-half of one percent of the sales price of the property whose storage, use or other consumption is subject to the tax. This is in addition to previously approved use taxes.

4.69.040. Definitions.

The following words, whenever used in the Ordinance, shall have the meaning as set forth below:

- (A) "County" means the incorporated and unincorporated territory of the County of Los Angeles.
- (B) "City" means any incorporated territory of the County of Los Angeles.
- (C) "Countywide Interoperability System" means a system to provide for effective communications between public safety agencies in the County of Los Angeles and the ongoing maintenance of the system.
- (D) "Public Safety and Homeland Security Purposes," are expenditures which increase, maintain, improve, expand and strengthen sworn law enforcement and support personnel, public safety, youth and adult crime prevention programs, homeland security, local anti-terrorism efforts and emergency response, and include, but are not limited to the following:
 - 1. Emergency/Disaster Operations
 - 2. Crime investigations and basic public safety services
 - 3. Expanded role of community-oriented policing
 - 4. Local anti-terrorism efforts and intelligence gathering
 - 5. Emergency response and related training/preparedness

6. Youth and adult crime prevention programs.
7. Communications and specialized equipment to enhance communications and interoperability among public safety agencies throughout the county.
- (E) "Transaction" or "Transactions" have the same meaning, respectively, as the words "Sale" or "Sales;" and the word "Transactor" has the same meaning as "Seller," or "Sale" or "Sales" and "Seller" are used in Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.
- (F) "Population" means the most recent annual estimate of population published by the California State Department of Finance, or for a newly incorporated city, the County Auditor/Controller's best estimate, until that newly incorporated city's population is included in the Department of Finance publication.
- (G) "Adopted Budget" for the County means the budget submitted to the State in November of each fiscal year and is used to determine the amount of combined public safety services funding each fiscal year. For the cities means the budget adopted by their respective governing body at the end of the city's normal budget cycle, but no later than September 30.
- (H) "Base year" means for the County or City, the adopted budget for each entity for fiscal year 2003/04.
- (I) "Local Financial Resources" means local general fund appropriations for public safety related operational expenses for each jurisdictions public

safety services and allocations from the Public Safety Augmentation Fund less exclusions. Exclusions only apply if it is related to a jurisdiction's defined public safety services by the governing body of the County or City (See 4.69.050 (C) Maintenance of Effort for exclusions).

4.69.050 Expenditure plan for the use of revenues received from the imposition of the transactions and use tax.

The revenues raised from the imposition of the transactions and use tax shall be used for Public Safety and Homeland Security Purposes, as follows:

(A) Purpose of the Tax.

The revenues raised by this measure will be used to provide personnel, equipment and facilities to increase, maintain, improve, expand and strengthen sworn law enforcement, public safety, youth and crime prevention programs, homeland security, local anti-terrorism efforts, and emergency response and will be used to:

1. Manage County emergency/disaster operations, including community awareness, and "first response" capabilities to extraordinary emergencies;
2. Improve crime investigations and basic public safety services by increasing resources for traditional law enforcement services;
3. Expand community-oriented policing services to include intelligence gathering;
4. Expand the role of local law enforcement to include intelligence

gathering and manage local anti-terrorism efforts.

5. Manage emergency response and related training/preparedness by inter-agency coordination and standardized training for public safety services, intelligence gathering, and "first response" capabilities (Emergency Operations Center/Terrorism Early Warning).

6. Provide youth and crime prevention programs, to discourage criminal activity; and

7. Provide communications and specialized equipment for law enforcement personnel throughout Los Angeles County to enhance communications capability and interoperability.

8. Provide for expanded justice-related resources necessary to respond to increased arrests resulting from enhanced police services.

(B) Allocation of Revenues received by the County.

The Auditor-Controller's calculation and apportionment to the County and each city shall be made monthly beginning October 20 of each fiscal year based upon a maintenance-of-effort certification form submitted by the public agency requesting an apportionment. The maintenance-of-effort certification form shall be submitted by October 1 of the fiscal year, and shall both describe the agency's budgeted use of the revenues derived by this levy, and demonstrate that the amounts budgeted for public safety surpass by at least the amount of apportioned revenue received by way of this tax, the funds previously budgeted for public safety purposes. The Auditor-Controller shall suspend distribution of funds to any entity that does not file the Maintenance of Effort certification form.

1. First, from the funds allocated to the County by the State Board of Equalization, the Auditor-Controller shall be reimbursed for actual and necessary direct and indirect costs incurred while complying with this Ordinance. Actual and necessary direct and indirect costs shall be those from the prior fiscal year. They shall be apportioned to the County and each city in proportion to each entity's anticipated share of the proceeds of the tax collected pursuant to this Ordinance.
2. Of the remaining funds:
 - a. An annual allocation to provide for and maintain the Countywide Interoperability system of up to 2% of the funds remaining after the Auditor-Controller has been reimbursed for costs incurred while complying with the Ordinance. The Board of Supervisors shall, by September 30 of each year, determine the percentage adjustment, up to 2%, for interoperability;
 - b. Nine percent (9%) percent of the funds remaining shall be allocated for services for Sheriff's custody operations;
 - c. Six percent (6%) of the funds remaining shall be allocated for other County law enforcement and justice related purposes, including prosecution and defense costs and probation services.
 - d. All funds allocated to the County, including the 2% for

Interoperability, the 9% for Sheriff's custody operations, the 6% for other County law enforcement related purposes, and the funds allocated for the County unincorporated area, will be appropriated by the County Board of Supervisors, as part of the annual County budget, in accordance with the terms of the Ordinance;

e. The remaining funds shall be distributed to the County unincorporated area and all cities within Los Angeles County, with a minimum allocation of \$500,000 to each jurisdiction. The minimum allocation shall be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index for the Los Angeles-Riverside-Orange County Area (CPI) for the most recently published percentage change for the 12-month period for the preceding fiscal year, however, the annual adjustment shall not to exceed three percent (3%).

f. The funds remaining after the minimum allocation set out above, shall be equally distributed based on population percentage, as determined by the Auditor-Controller based upon data received from the State Department of Finance. However, the total amount allocated to a city (i.e., the sum of the minimum allocation and the allocation based upon population) shall not exceed the city's total public safety budget for the fiscal year preceding the year in which

the allocation is made.

g. At their sole discretion, each entity can use up to 15 percent of their allocation for youth and adult crime prevention programs.

h. Prior to appropriation by the Board, the Sheriff shall provide annually for Board approval a proposed methodology as well as program detail related to the unincorporated allocation that takes into consideration such factors as population, response time or crime rates. In the event that during the year the Sheriff is required to shift unincorporated resources because of criminal activity or other factors, the Sheriff will inform the Board of such action as soon as possible.

(C) Maintenance of Effort.

1. In order to assist local governments in maintaining a sufficient level of public safety services, the proceeds of this section shall be designated exclusively to maintain, improve, or expand funding of local law enforcement and youth and adult crime prevention programs. Local financial resources to the County agencies and city law enforcement agencies shall not be reduced below the adopted budget for the 2003/04 fiscal year. The minimum maintenance of effort requirement shall be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index for the Los Angeles-Riverside-Orange County Area (CPI) for the most

recently published percentage change for the 12-month period for the preceding fiscal year, however, the annual adjustment shall not to exceed three percent (3%).

2. For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year may be adjusted to reflect reduced expenditures necessitated by reductions in state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.
3. For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year shall be adjusted for revenue exclusions. For each exclusion category, only those amounts that were appropriated for public safety services in the respective years adopted budget are excludable. This applies to the "base year" and any subsequent year. Appropriations funded by the following budgeted revenues must be excluded.
 - a. Grant funds received by the county, city or any charter city from any source.
 - b. Asset forfeiture revenues received by the County and City, including any charter city.
 - c. Revenues budgeted including revenues from capital leases by the County or City, including any charter city, for capital outlay expenditures, which include any debt service payments or fixed asset purchase

- d. Revenues budgeted for providing public safety services under contract to another jurisdiction.
- e. Revenues budgeted in the current fiscal year as a result of a change of organization or reorganization that became effective pursuant to the Cortese-Knox Local Government Reorganization Act of 1985 subsequent to the "base year".
- f. Revenues budgeted by the County or City pursuant to Chapter 3 of Part 6 of Division 3 of Title 2, or any other reimbursement by the state for homicide trial costs, including, but not limited to, Chapter 1649 of the Statutes of 1990 and its successors.
- g. Revenues budgeted from any source by the County or City, including any charter city to respond to a state of emergency declared by the Governor pursuant to the California Emergency Services Act.
- h. Appropriations by the County or City, including any charter city, for one-time expenditures related to public safety services. One-time expenditures mean material non-recurring expenditures. Budgeted appropriations for cost savings (actuarial savings, reduced costs for pension obligations due to the issuance of pension bonds) in appropriations for retirement and workers' compensation costs that do not result in a change in benefit levels.

4. If a loss or reduction in local general purpose financial resources occurs, proceeds from this Ordinance may be used to ensure public safety funding is not reduced below the adopted budget for the 2003/04 fiscal year, only if local financial resources to public safety are not reduced more than the total percent of the loss or reduction within the affected year.

(D) Unspent Funds.

Any unspent proceeds from this Ordinance by the County, or a city, within a fiscal year, shall be held in a public safety reserve trust account established by that entity. Each entity shall annually determine the amount of unspent funds from the prior year to be appropriated for the purposes specified in Section 4.69.050(A).

- (E) The amount of revenues to be allocated to the County or a city in any fiscal year shall be reduced if the amount of funding for combined public safety services is less than the 2003/04 adopted budget amount. The reduction shall be the difference between the amount funded and the base year requirement. Further, nonparticipating agencies shall not receive funding. Funds available from a nonparticipating agency, or from a reduction in allocation because of an agency's failure to meet the base year requirement, will be returned to the pool for redistribution.

4.69.060. Application of sales and use tax provisions of Revenue and Taxation Code.

The provisions contained in Part 1 of Division 2 of the Revenue and Taxation Code (Sales and Use Taxes, commencing with Section 6001), insofar as they relate to sales or use taxes and are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code (Transactions and Use Taxes), commencing with Section 7251, and all amendments thereto shall apply and be part of this Ordinance, being incorporated by reference herein.

Pursuant to the provision of Revenue and Taxation Code Section 7270, the County shall contract with the California State Board of Equalization to perform all functions incident to the administration and operation of the ordinance.

4.69.070. Adoption of Revenue and Taxation Code Sections 7261 and 7262.

Pursuant to the provision of Revenue and Taxation Code Section 7262.2, the required provisions of Sections 7261 and 7262 of that Code as now in effect or as later amended are adopted by reference in this Ordinance.

4.69.080. Place of consummation of retail transaction.

For the purpose of a retail transaction tax imposed by this Ordinance, all retail transactions are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for the delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is

made. In the event a retailer has no permanent place of business in the State, or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of the transactions tax imposed by this Ordinance shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

4.69.90. Accountability Measures.

Proceeds derived from the levy shall be distributed to the County of Los Angeles and all cities in Los Angeles County, as prescribed under Section 4.69.050. The Auditor-Controller of the County of Los Angeles shall create a new account into which the proceeds from the special tax received from the State Board of Equalization shall be deposited. Each entity authorized to receive an allocation of funds from this Ordinance shall annually adopt, in a public meeting, an accounting of the use of funds received as a result of this levy, and of funds held in reserve. This report shall be filed no later than November 30 of each year with the Auditor-Controller of the County. The Auditor-Controller shall in turn file a report with the County Board of Supervisors, stating the amount of funds collected and expended pursuant to this measure. This report shall be filed by January 1 following the first full fiscal year for which proceeds from this tax were allocated, and every January 1 thereafter so long as this tax continues to be levied.

An Oversight Committee consisting of the President of the Los Angeles County Police Chiefs Association, the Sheriff of Los Angeles County, a municipal finance director appointed by the League of California Cities, Los Angeles Division, a city manager appointed by the California Contract Cities Association, a representative of the

Independent City Managers Association, a representative of the Los Angeles Area Fire Chiefs Association, the Long Beach City Manager, an appointee of both the Mayor of the City of Los Angeles, and Chairman of the Board of Supervisors shall be constituted. The role of the Oversight Committee shall be to review the annual report from the Auditor-Controller stating the amount of funds collected pursuant to this levy, and to ensure that all such funds were distributed pursuant to the terms of the Ordinance. The Oversight Committee shall annually report thereon to the Board of Supervisors. The County Board of Supervisors shall consult with the Oversight Committee prior to addressing the suspension of this levy for the purpose of considering the impact or ramifications that could result therefrom. At the direction of the County Board of Supervisors, the Auditor-Controller may audit the information provided by any public entity receiving funds from this levy, to determine compliance with this Ordinance.

4.69.100. Effective and Operative Dates; Suspension of the Levy.

This ordinance shall take effect when approved by a two-thirds vote of the qualified voters of the County voting in an election on the issue. The ordinance will become operative on the first day of the first calendar quarter commencing more than 110 days after the Ordinance takes effect. The Board of Supervisors may, upon approval by a 2/3rds vote of all members, and after consulting the Oversight Committee, suspend the levy of this tax following the 2015-2016 fiscal year, however any such suspension shall not take effect sooner than three years after the Board's action.

SECTION 4.

The votes cast for and against the Proposition shall be separately counted and if the Proposition receives the required number of votes, to wit: two-thirds of the votes of the qualified electors voting on the Proposition, the special tax in the amounts and for the purposes stated herein shall be effective and levied by the County.

SECTION 5.

All qualified voters of the County residing within the cities and unincorporated area of the County shall be permitted to vote in the election to be held as nearly as practicable in conformity with the Elections Code of the State of California.

[469ARCOC]

I: Sheriff Sales Tax Ordinance

Sheriff's Allocation

Cities	Amount
SHERIFF - CUSTODY	25,000,000
DISTRICT ATTORNEY	0
OTHER JUSTICE DEPTS.	0
INTEROPERABILITY	0
AGOURA HILLS	1,457,460
ALHAMBRA	4,369,188
ARCADIA	2,922,068
ARTESIA	1,238,862
AVALON	639,903
AZUSA	2,537,335
BALDWIN PARK	3,962,595
BELL	2,156,974
BELLFLOWER	3,835,808
BELL GARDENS	2,489,243
BEVERLY HILLS	2,034,539
BRADBURY	39,348
BURBANK	5,033,726
CALABASAS	1,422,484
CARSON	4,605,274
CERRITOS	2,825,885
CLAREMONT	2,065,163
COMMERCE	1,068,355
COMPTON	4,718,945
COVINA	2,620,402
CUDAHY	1,610,479
CULVER CITY	2,248,785
DIAMOND BAR	3,057,599
DOWNEY	5,396,599
DUARTE	1,474,948
EL MONTE	5,781,332
EL SEGUNDO	1,225,746
GARDENA	3,153,782
GLENDALE	9,335,739
GLENORA	2,734,073
HAWAIIAN GARDENS	1,177,654
HAWTHORNE	4,334,212
HERMOSA BEACH	1,343,789
HIDDEN HILLS	87,439
HUNTINGTON PARK	3,276,197
INDUSTRY	534,976
INGLEWOOD	5,553,990
IRVINDALE	565,579
LA CANADA FLINTRIDGE	1,422,484
LA HABRA HEIGHTS	257,946
LAKEWOOD	4,089,382
LA MIRADA	2,624,774
LANCASTER	5,982,442
LA PUENTE	2,362,457
LA VERNE	1,929,632
LAWNDALE	1,938,376
LOMITA	1,404,996
LONG BEACH	21,371,754
LOS ANGELES	167,948,983
LYNNWOOD	3,678,418
MALIBU	1,072,727
MANHATTAN BEACH	2,089,535
MAYWOOD	1,763,497
MONROVIA	2,170,090
MONTEBELLO	3,306,801
MONTEREY PARK	3,245,593
NORWALK	5,226,093
PALMDALE	6,104,857
PALOS VERDES ESTATES	1,103,331
PARAMOUNT	2,513,879
PASADENA	6,620,749
PICO RIVERA	3,376,752
POMONA	7,311,519
RANCHO PALOS VERDES	2,353,713
REDONDO BEACH	3,402,984
ROLLING HILLS	83,067
ROLLING HILLS ESTATES	845,385
ROSEMEAD	2,926,440
SAN DIMAS	2,087,023
SAN FERNANDO	1,566,759
SAN GABRIEL	2,305,621
SAN MARINO	1,081,471
SANTA CLARITA	7,600,069
SANTA FE SPRINGS	1,295,697
SANTA MONICA	4,373,560
SIERRA MADRE	976,544
SIGNAL HILL	941,568
SOUTH EL MONTE	1,453,088
SOUTH GATE	4,889,451
SOUTH PASADENA	1,592,991
TEMPLE CITY	2,012,699
TORRANCE	6,751,908
VERNON	504,372
WALNUT	1,859,681
WEST COVINA	5,317,904
WEST HOLLYWOOD	2,117,627
WESTLAKE VILLAGE	880,361
WHITTIER	4,273,005
UNINCORPORATED	45,673,445
COUNTY TOTAL	580,000,000

Allocation based on 500k min & population percentage

Cities	Population	Share	Amount
SHERIFF - CUSTODY		9.00%	50,400,000
DISTRICT ATTORNEY		3.50%	19,600,000
OTHER JUSTICE DEPTS.		2.50%	14,000,000
INTEROPERABILITY		2.00%	11,200,000
AGOURA HILLS	22,150	0.22%	1,425,871
ALHAMBRA	89,700	0.89%	4,249,466
ARCADIA	55,900	0.55%	2,836,624
ARTESIA	17,200	0.17%	1,218,961
AVALON	3,500	0.03%	646,300
AZUSA	48,150	0.48%	2,512,673
BALDWIN PARK	80,300	0.79%	3,856,546
BELL	38,650	0.38%	2,115,573
BELLFLOWER	77,000	0.76%	3,718,605
BELL GARDENS	45,950	0.45%	2,420,713
BEVERLY HILLS	35,700	0.35%	1,992,262
BURBANK	105,400	1.04%	4,905,727
CALABASAS	22,900	0.23%	1,457,221
CARSON	96,300	0.95%	4,525,346
CERRITOS	54,700	0.54%	2,786,464
CLAREMONT	36,350	0.36%	2,019,432
COMMERCE	13,350	0.13%	1,058,031
COMPTON	97,900	0.97%	4,592,226
COVINA	49,100	0.49%	2,552,383
CUDAHY	25,650	0.25%	1,572,172
CULVER CITY	40,550	0.40%	2,194,993
DIAMOND BAR	59,500	0.59%	2,987,104
DOWNEY	112,800	1.12%	5,215,047
DUARTE	22,600	0.22%	1,444,681
EL MONTE	123,500	1.22%	5,662,308
EL SEGUNDO	16,850	0.17%	1,204,331
GARDENA	60,600	0.60%	3,033,084
GLENDALE	205,300	2.03%	9,081,553
GLENORA	52,000	0.51%	2,673,603
HAWAIIAN GARDENS	15,700	0.16%	1,156,261
HAWTHORNE	88,200	0.87%	4,186,766
HERMOSA BEACH	19,550	0.19%	1,317,191
HUNTINGTON PARK	64,500	0.64%	3,196,104
INDUSTRY	800	0.01%	533,440
INGLEWOOD	117,600	1.16%	5,415,688
IRVINDALE	1,490	0.01%	562,282
LA CANADA FLINTRIDGE	21,400	0.21%	1,394,521
LAKEWOOD	83,100	0.82%	3,973,585
LA MIRADA	50,100	0.50%	2,594,183
LANCASTER	129,200	1.28%	5,900,568
LA PUENTE	43,050	0.43%	2,299,493
LA VERNE	33,250	0.33%	1,889,852
LAWNDALE	33,200	0.33%	1,887,762
LOMITA	21,000	0.21%	1,377,801
LONG BEACH	487,100	4.82%	20,860,812
LOS ANGELES	3,912,200	38.72%	164,030,216
LYNNWOOD	73,000	0.72%	3,551,405
MALIBU	13,550	0.13%	1,066,391
MANHATTAN BEACH	36,600	0.36%	2,029,882
MAYWOOD	29,400	0.29%	1,728,922
MONROVIA	38,800	0.38%	2,121,843
MONTEBELLO	65,200	0.65%	3,225,364
MONTEREY PARK	63,900	0.63%	3,171,024
NORWALK	109,500	1.08%	5,077,107
PALMDALE	131,300	1.30%	5,988,349
PALOS VERDES ESTATES	14,100	0.14%	1,089,381
PARAMOUNT	57,700	0.57%	2,911,864
PASADENA	144,000	1.43%	6,519,209
PICO RIVERA	66,800	0.66%	3,292,244
POMONA	158,400	1.57%	7,121,130
RANCHO PALOS VERDES	43,200	0.43%	2,305,763
REDONDO BEACH	66,900	0.66%	3,296,424
ROLLING HILLS ESTATES	8,125	0.08%	839,626
ROSEMEAD	56,700	0.56%	2,870,064
SAN DIMAS	36,750	0.36%	2,036,152
SAN FERNANDO	24,750	0.24%	1,534,552
SAN GABRIEL	41,900	0.41%	2,251,423
SAN MARINO	13,600	0.13%	1,068,481
SANTA CLARITA	164,900	1.63%	7,392,831
SANTA FE SPRINGS	17,750	0.18%	1,241,951
SANTA MONICA	90,300	0.89%	4,274,546
SIERRA MADRE	11,050	0.11%	961,891
SIGNAL HILL	10,650	0.11%	945,171
SOUTH EL MONTE	22,100	0.22%	1,423,781
SOUTH GATE	101,400	1.00%	4,738,527
SOUTH PASADENA	25,500	0.25%	1,565,902
TEMPLE CITY	35,300	0.35%	1,975,542
TORRANCE	146,200	1.45%	6,611,170
VERNON	95	0.00%	503,971
WALNUT	31,700	0.31%	1,825,062
WEST COVINA	111,400	1.10%	5,156,527
WEST HOLLYWOOD	37,750	0.37%	2,077,952
WESTLAKE VILLAGE	8,825	0.09%	868,886
WHITTIER	87,000	0.86%	4,136,606
UNINCORPORATED	1,064,700	10.54%	45,004,530
COUNTY TOTAL	10,182,855	100%	580,000,000

Under the proposed ordinance, the cities denoted in pink do not qualify for the 500k minimum as it would exceed their total public safety budget for the previous fiscal year.



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

July 29, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**FUNDING ALTERNATIVES TO THE HALF-CENT SALES TAX MEASURE ON THE
NOVEMBER 2, 2004 BALLOT FOR THE SHERIFF'S DEPARTMENT (ITEM 67
BOARD AGENDA, AUGUST 3, 2004)**

On July 20, 2004, on motion by Supervisor Antonovich, the Board instructed the Chief Administrative Office to report back in two weeks with an analysis of alternative funding from existing Los Angeles County (County) revenues which could be allocated to the Sheriff's Department in lieu of the unincorporated area amount generated from the half-cent sales tax measure on the November 2, 2004 ballot.

BACKGROUND

The Board, on July 20, 2004, adopted an ordinance to place a half-cent sales tax measure on the November 2, 2004 ballot. If approved by voters, the half-cent sales tax is expected to generate \$560.0 million in additional revenue, of which, the Sheriff would receive an estimated \$44.9 million for the unincorporated area.

ALTERNATIVES

As part of its commitment under the terms of the 1115 Waiver Extension Agreement, the County is providing an additional \$40.0 million in net County Cost (NCC) to the Department of Health Services (DHS) in 2004-05. One alternative is to meet this County commitment through the use of the County's Tobacco Settlement funds, which would then, in turn, make available the \$40.0 million in NCC for other purposes. However, the Tobacco Settlement funds in reserve are one-time funds and should not

Each Supervisor
July 29, 2004
Page 2

be used for ongoing expenses. In addition, DHS anticipates using the Tobacco Settlement reserve to help offset their projected deficit, which is expected to begin in 2006-07.

During the recently adopted budget for fiscal year 2004-05, your Board added discretionary funding as follows:

- Public Library - \$8.8 million;
- Sheriff's Department - \$39.0 million; and
- Other miscellaneous allocations to various departments.

Any other available funds would be generated through fund balance in September, which is a one-time funding source.

If you have any questions, please contact me, or your staff may contact Yolanda Reyes, of my staff, at (213) 974-0841.

DEJ:SH:DL
RG:YR:ljp

c: Executive Officer, Board of Supervisors
Sheriff's Department
Department of Health Services

alternative funding.bm